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IRS TAX FORM 1099-R

FORM EXPLANATION

If you are retired and have received pension funds, the IRS Tax Form 1099-R is mailed to you by our third-party administrator, *Principal Financial Group*. This form reports the benefits you received from your pension fund for ministers. There will not be an amount indicated as being taxable. We feel this better serves you to determine what portion, if any, of this amount is taxable in relation to housing expense.

You will note in Box 1, your gross distribution from the Wesleyan Pension Fund. Box 2b has been marked indicating the taxable amount has not been determined. These benefits are taxable unless reduced by housing expense and must be included on your tax return.

Under the *Clergy Housing Allowance Clarification Act of 2002 (Public Law 107-181)*, the amount excludable by a retired minister as housing allowance cannot exceed: 1) the fair rental value of the furnished house, plus the cost of the utilities; 2) the actual expenses of operation of the home, or 3) the amount designated by the Board of Pensions as housing allowance, whichever is less. (The Board has authorized the designation up to 100% of such retirement and disability benefits as a housing allowance paid as part of a retired minister’s compensation for past years of service).

To report such a designation, we recommend you use a self-prepared schedule and keep it for your records. It should be like the format below:

EXAMPLE:

**ADJUSTMENT TO FORM 1099-R FOR ALLOCATION
OF MINISTERIAL HOUSING ALLOWANCE**

Your Name	
Your Social Security Number	
Income Reported on 1099-R.....	\$1,500.00
Amount Allocated as Housing Allowance.....	\$1,500.00
Taxable Amount.....	-0-

If the taxable amount of the self-prepared schedule is zero you need not report any income. If there is a taxable amount, report this amount together with any other fully taxable pension income.

If you have further questions, contact the pension office at the email or phone numbers listed above.